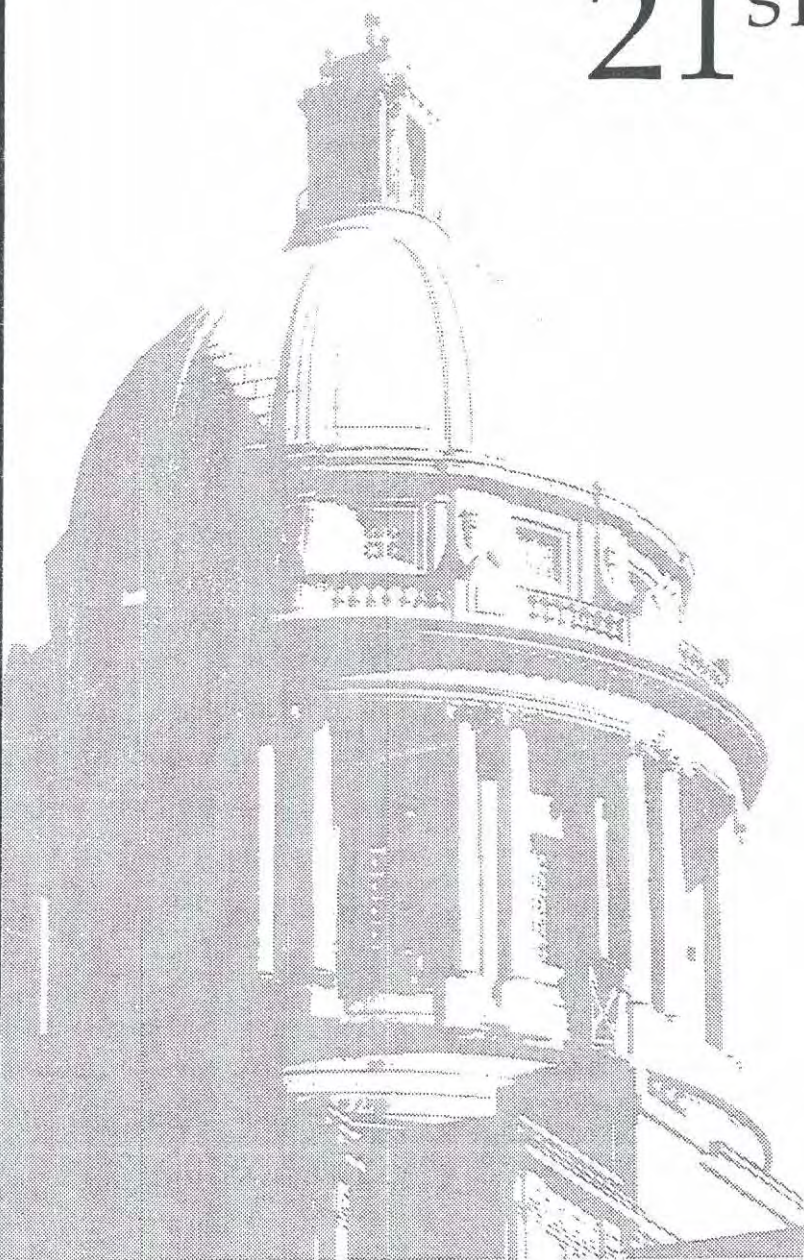


AN AGENDA FOR THE 21ST CENTURY

A PLAN FOR
POSTSECONDARY
EDUCATION

MARCH 1997

PAUL E. PATTON
GOVERNOR





COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR

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March 26, 1997

Members of the Task Force on Postsecondary Education

As Governor, I have repeatedly indicated that reform of our postsecondary education system is my highest priority. The recent report submitted to us by the National Center for Higher Education Management Systems clearly indicated why this reform effort is the cornerstone to my Administration.

Kentucky has made great economic progress in recent years. We have successfully created new jobs for our citizens and our personal income has grown. Yet we still remain a relatively low-income state. As shown in the report entitled Postsecondary Education in Kentucky: An Assessment, per capita personal income in Kentucky is approximately 82 percent of the national average - significantly below that of our competitor states.

My vision for Kentucky is that we begin putting in place today the programs that will allow for our economic opportunities, our standard of living, and our quality of life to exceed the national average in 20 years. Postsecondary education reform is critical to improved economic opportunity, an enhanced standard of living, and an improved quality of life for our citizens.

I will not repeat the information provided in the report to the Task Force - the facts are clear. The consultants have convincingly made the case for reform of postsecondary education in our state. No one has come forward to dispute the findings presented in Postsecondary Education in Kentucky: An Assessment. Our consultants have documented the problems, identified the barriers that exist and the goals we must attain if we are to achieve true reform and enhanced economic opportunity. The facts are there.

We, in Kentucky, have a fundamental choice to make. 1) Do we want a postsecondary education system with no overall strategic agenda - a system serving whichever institution or region of the state or particular politician which happens to be the most powerful at a point in time? Alternatively: 2) do we want a system of higher

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education that executes a long-term strategic agenda which serves the people and businesses in every part of our state.

We have the first, we need the second. Our people deserve a system of postsecondary education that is not politically driven and one that will operate efficiently and effectively in the long-term. It is our responsibility to develop an agenda for the 21st century.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul E. Patton". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Paul E. Patton

Summary

I. Establish the Council on Postsecondary Education (CPE) with a Strategic Linkage to the Elected Leadership.

- A. Appoint membership by July 1, 1997.
- B. The Council will conduct a national search to find a President for the Council, a person who is a nationally-respected education leader, advocate, and administrator.
- C. Create a Strategic Committee on Postsecondary Education (SCOPE) composed of the state's political leadership and representatives from the Council on Postsecondary Education.
- D. The Council will work with SCOPE to develop a Strategic Agenda for the future of postsecondary education in Kentucky and a budget plan to achieve this Strategic Agenda.

II. Establish the Kentucky Community and Technical College System (KCTCS) to Serve as the Governing Board for the Kentucky Community Colleges and KY TECH.

- A. KCTCS will be responsible for planning and carrying out a statewide and regional strategy consistent with the Strategic Agenda adopted by the Council on Postsecondary Education.
- B. The KCTCS Board will be the governing board for the community colleges and KY TECH.
- C. KCTCS will hire a President to lead this system.
- D. The community colleges will remain as a distinct entity reporting to the KCTCS Board and will have a Chancellor.
- E. KY TECH will be removed from state government and will have its own Chancellor who will also report to the KCTCS Board.

III. Create a Strategic Budget Process for Postsecondary Education.

- A. Immediately provide for equitable funding for all postsecondary education in fiscal year 1998.
- B. Provide appropriations in fiscal year 1998 to begin to fund a series of Strategic Investment and Incentive Funds such as:
 - 1. A Research Challenge Fund
 - 2. A Regional University Excellence Fund
 - 3. A Technology Incentive Fund
 - 4. A Physical Facilities Fund
 - 5. A Regional Postsecondary Access and Workforce Development Fund
 - 6. A Student Financial Aid and Advancement Fund
- C. Provide that future appropriations to these Strategic Investment and Incentive Funds are consistent with the Strategic Agenda for postsecondary education.

Introduction to the Plan

Postsecondary Education in Kentucky: An Assessment, clearly identified the problems which exists with our current system of postsecondary education in Kentucky. These problems include:

1. Low level of population with college degrees.
2. High cost of system relative to number of degrees produced.
3. Low persistence rates.
4. Low production of degrees.
5. *Inadequate workforce preparation.*
6. Lack of a nationally-recognized research capability.

What are the factors which cause these problems? Research compiled by the consultants identified the following factors:

1. Lack of a statewide Strategic Agenda.
2. No systemwide accountability.
3. Unnecessary program duplication.
4. No incentives for excellence.
5. No incentives for cooperation among institutions.
6. Inadequate transferability of course credits.
7. Inadequate use of technology.
8. Needless turf battles.
9. Inadequate state funding and lack of funding tied to a Strategic Agenda.

What are the characteristics of our current postsecondary education system which have led to these problems?

1. The Council on the Higher Education is not effective.
 - a. Political leadership does not listen to nor respect the advice received from the Council.
 - b. Universities and regional constituencies circumvent the Council when Council decisions are not consistent with university objectives.
 - c. The Council does not effectively address critical issues and long-range solutions.
2. No statewide or regional coordination of community colleges and KY TECH exists, resulting in serious barriers for students and employers. These institutions lack a connection with regional economic growth and development.

3. Major decisions made relative to postsecondary education are based on political considerations depending on which institution, region, or particular politician happens to be the most politically powerful at a particular point in time.

In order to address these problems we must ask ourselves, what should the citizens of the Commonwealth expect from our system of postsecondary education? We should expect our postsecondary education system to:

1. Make a significant contribution to a long-term strategy of improving the standard of living and quality of life for all Kentuckians.
2. Become a concentration of intellectual capital which will generate new ideas, processes, and technologies which advance human knowledge and enhance the economy of the state.
3. Transmit the accumulated knowledge and skills to the workforce needed to stimulate and grow the economy of the state.
4. Develop an appreciation of culture, history, arts and humanities in order to prepare Kentuckians to be effective citizens.
5. Work cooperatively to achieve statewide goals efficiently.
6. Provide our citizens with a seamless educational system.
7. Enhance access to higher education for non-traditional students.
8. Create an electronically-supported educational system where students learn in an advanced technological environment.

Details of the Plan

To ensure a postsecondary education system that meets our expectations and will prepare the Commonwealth for the 21st century, the following Plan is presented.

I. Establish the Council on Postsecondary Education with a Strategic Linkage to the Elected Leadership.

A. Members will be appointed by July 1, 1997.

1. Members will be selected by the Governor from a list of three candidates for each position submitted by the Postsecondary Education Nominating Commission (formerly the Higher Education Nominating Commission).
2. Members will be confirmed by both houses of the General Assembly.
3. Members will represent no special interest. Not more than two appointees shall have a baccalaureate degree from a single Kentucky institution.
4. The Council will reflect the people of Kentucky geographically. Not more than two appointees shall reside in any single Supreme Court judicial district.
5. The Council will include 12 members and a Council chair (total of 13).
 - a. The chair will be appointed by the Governor for a term concurrent with the Governor's term of office (appointment effective January 1 after a new administration begins).
 - b. The 12 members will be appointed for six-year terms with two members appointed each January 1 (after the initial staggered-term limit appointments).

B. The Council will conduct a national search to find the best postsecondary education leader, advocate, and administrator in the country. This person, who will hold the title of President of the Council on Postsecondary Education, will:

1. Be initially selected with the Strategic Committee on Postsecondary Education (SCOPE)¹ serving as the search committee and recommending an appointment to the Council on Postsecondary Education. Subsequent Presidents will be selected by the Council.

¹ For a complete discussion of SCOPE see Section IV of this Plan - Strategic Committee on Postsecondary Education.

2. Be compensated at a level greater than the President of any of the eight state universities.
3. Possess an excellent academic background and strong administrative, political, and communication skills.
4. Be the primary advisor to the Governor and the General Assembly on matters of postsecondary education.
5. Be the primary advocate for postsecondary education in Kentucky.
6. Work closely with the political leadership of the Commonwealth to ensure that it is fully informed about higher education and to ensure that the President fully understands the agenda for postsecondary education which the political leadership seeks.

C. The Council will be responsible for:

1. Developing a Strategic Agenda for the future of postsecondary education in Kentucky based on the policy direction and advice of the Strategic Committee on Postsecondary Education (SCOPE.)
2. Approving the missions of public institutions of postsecondary education and any changes thereto.
3. Approving new academic programs or any changes in existing academic programs at public institutions of postsecondary education taking into consideration these criteria: (1) consistency with the institution's approved mission and strategic plan; (2) alignment with the priorities in the Strategic Agenda; (3) unnecessary duplication of programs among institutions in Kentucky; and (4) the extent to which an institution has taken into consideration or entered into cooperative programs with other institutions or used technology to achieve effectiveness and efficiency in program delivery. The Council on Postsecondary Education may delegate to institutional governing boards authority to approve academic programs or changes in academic programs provided that these are consistent with an institution's mission, and subject to accountability reports and post-audit review by the Council on Postsecondary Education.
4. Promoting cooperation between and among public and private postsecondary institutions, guarding against inappropriate and unnecessary conflict and duplication.

5. Leading and providing staff support for the strategic budget process, in cooperation with SCOPE, for postsecondary education in Kentucky. By September 1 of each odd-numbered year, the Council on Postsecondary Education shall make recommendations to SCOPE on the strategic budget for the upcoming biennium. This includes:
 - a. Base funding and increases in base funding (including funding for the Council on Postsecondary Education); and
 - b. Funding for the Strategic Investment and Incentive Funds, including the criteria to be used in allocating these funds to institutions.
6. Administering the Strategic Investment and Incentive Funds as established and funded by the General Assembly.
7. Developing and implementing statewide initiatives designed to improve the accessibility, quality, effectiveness, efficiency and coordination of postsecondary education services. This shall include, but not be limited to:
 - a. Promoting transferability of credits and uniformity of academic offerings; and
 - b. Designing and implementing a Commonwealth Virtual University in cooperation with existing providers to include Kentucky Educational Television (KET).
8. Developing systems of public accountability for postsecondary education, including a biennial report to the Governor, the General Assembly and SCOPE on the status of postsecondary education in Kentucky, and such other reports as may be requested from time-to-time.
9. Undertaking special studies on issues facing postsecondary education in the Commonwealth, including studies as requested by the Governor and the General Assembly.
10. Establishing policies to ensure the efficient delivery of quality postsecondary education services through distance learning, off-campus programs, extension centers, and the use of technology-based instruction. These policies shall address issues such as institutional services areas, designated institutional responsibilities for delivery of specific programs, and other policies necessary to avoid unnecessary duplication and conflict and to promote coordination and cooperation.

II. Establish the Kentucky Community and Technical College System (KCTCS) to Serve as the Governing Board for the Community Colleges and KY TECH.

A. The Mission of KCTCS will be:

To be responsive to the needs of students, business and industry in each of the Commonwealth's regions by providing postsecondary education and training at the associate degree, diploma and certificate levels, short-term customized training for business and industry, adult basic education and remedial education, and other services commonly associated with comprehensive community and technical colleges.

B. The Membership of the KCTCS Board:

1. The Board will be composed of eleven (11) members eight of whom are appointed by the Governor for six-year, staggered terms.
2. The other three members of the Board will represent faculty, non-teaching staff, and students in accordance with the provisions of KRS 164.321 with the added provision that representatives of the community colleges and technical school systems shall alternate between terms.
3. The chair will be elected by the membership.
4. The majority of the membership will be from business and industry and other employers of graduates of the system.
5. The balance of the membership will be between those with former associations with either the Community College System or KY TECH.
6. Provisions for geographic, ethnic, and gender balance will be made in the selection process.

C. Responsibilities of the KCTCS Board:

1. The Board will serve as the governing board for both the Community College System and KY TECH.
2. All other powers as now assigned to the boards of regents/trustees of the universities will be provided to the KCTCS Board.

D. The Structure will be as follows:

1. A President, appointed by and serving at the pleasure of the KCTCS Board, will be responsible for planning and carrying out a statewide and regional strategy, consistent with the Strategic Agenda, for linking the state's postsecondary resources at the two-year associate degree level and below, including postsecondary education and training, remedial education and adult basic education, to regional economic development and workforce training.

2. The separate units, KY TECH and the Community College System, will each be headed by a Chancellor, appointed by the President of KCTCS. Each of these units will operate as separate educational entities. While respecting this separation and the differences between the two entities, it is expected that, under the leadership of the KCTCS Board and President, the System will lead to a significant increase in cooperative initiatives, transfer and articulation agreements and other actions to ensure students, employers and every region of Kentucky the benefits of highly-coordinated community and technical college services.
3. Regional advisory bodies will be established in such form and for such purposes as the KCTCS Board determines are necessary to ensure extensive participation of employers, community and regional leaders and other consumers in the planning and coordination of postsecondary education services in each region of the Commonwealth.

E. Implementation Conditions

1. Implementation

- a. The creation of KCTCS will be effective July 1, 1997.
- b. KY TECH and the Community College System will be moved to the new structure effective July 1, 1997.
- c. An interim President of KCTCS will be appointed as of July 1, 1997.
- d. Interim heads of KY TECH and Community College System will be designated for up to one year - from July 1, 1997 through June 30, 1998.
- e. The administration of KCTCS will not duplicate but rather replace what currently exists.

2. KY TECH:

- a. Interim personnel policies for KY TECH employees to be non-state employees will be provided for in statute.
- b. These interim policies would remain in effect until June 30, 2000, or until the KCTCS Board adopts replacement policies, whichever occurs first.
- c. Employees who have "continuing" or "tenure" status will be assured that their rights and privileges will be retained under the new structure. The new Board will determine policies for all other existing and new employees.

3. Community College System:
 - a. Current personnel policies will be transferred to the new Board.
 - b. Tenured faculty members and tenure-track faculty members will be assured their rights and privileges under the new system.

F. New Personnel Policies

The Board will be charged with developing new personnel policies appropriate to each entity (KY TECH and Community College System) by June 30, 2000.

III. Create a Strategic Budget Process for Postsecondary Education.

- A. Make adjustments in base budgets to reflect current services and equity relative to peer institutions for fiscal year 1998. These adjustments will solve the "equity" issue and establish the institutions' base for future years.
- B. Create the following Strategic Investment and Incentive Funds which will provide funding increases to institutions in future years:

1. Research Challenge Fund to include:
 - a. Endowed Professorship Matching Program
 - b. Endowed Chairs Matching Program
 - c. External Research Matching Program
 - d. Graduate Assistance Matching Program
 - e. Junior Faculty Research Encouragement Program

2. Regional University Excellence Fund

Aimed at regional priorities, nationally-competitive, applied-research programs, and focusing on "Programs of Distinction." Institutions will be eligible for funds on a matching basis whereupon they must demonstrate reallocation of funds from low productivity/low priority programs to high productivity/high priority, i.e., "Programs of Distinction."

3. Technology Initiative Fund

To support investments in technology for extending access to postsecondary education throughout the Commonwealth and improving student learning. The Fund will include:

- a. Infrastructure Development Fund
- b. Shared Program Delivery Fund
- c. Commonwealth Virtual University Fund

4. Physical Facilities Fund

To renovate or expand the physical plants of our public providers of postsecondary education.

5. Regional Postsecondary Access and Workforce Development Fund to include:

- a. A Technology Fund for the KY TECH system and the community colleges to acquire the equipment needed to accomplish their mission.
- b. Appropriations to the community colleges and technical colleges to encourage cooperation and collaboration of program offerings.

6. Student Financial Aid and Advancement Fund

A Fund to encourage student access to postsecondary education and to help students progress through the system.

- C. Develop a longer-term financing strategy for allocation of new funds consistent with the Strategic Agenda. The Council on Postsecondary Education will determine the matching requirements and internal reallocation requirements for institutions to qualify for these funds.

IV. Create a Strategic Committee on Postsecondary Education (SCOPE).

A. The Mission of SCOPE will be:

To provide a process by which the political leadership of the Commonwealth will play a key role in developing the Strategic Agenda for postsecondary education in Kentucky. SCOPE will be a forum, provided by law, which the state's political leadership and representatives from the Council on Postsecondary Education will convene and agree on a Strategic Agenda which will be presented to the Council for adoption. The Strategic Agenda will serve as the basis for planning and budgeting and establishing accountability for statewide priorities.

B. Membership of SCOPE will include:

1. Governor
2. Six executive branch appointees
3. Speaker of the House
4. President of the Senate
5. Majority and Minority Floor Leaders of both houses of the General Assembly

6. Co-Chairs of the Interim Joint Committee on Appropriations and Revenue
 7. Chair and President of the Council on Postsecondary Education
- C. SCOPE will work with the Council on Postsecondary Education to revise the Strategic Agenda for Postsecondary Education biennially, as needed, according to the following process:
1. The Council on Postsecondary Education will prepare a report on the status of postsecondary education and present it to SCOPE by January 31 of every odd-numbered year.
 2. By the last day in February of that same year SCOPE shall meet to discuss the status report, possible improvements, new initiatives, and other advice to be given to the Council on Postsecondary Education regarding revisions to the Strategic Agenda.
 3. The Consensus Forecasting Group will make the preliminary planning revenue estimate for the next biennium by April 15 of each odd-numbered year. By August 1 of that same year, the Group will make a planning forecast of General Fund revenues for the next biennium.
 4. The Council on Postsecondary Education will develop a draft Strategic Agenda for the forthcoming biennium and submit this to SCOPE by May 1 of each odd-numbered year. This draft Strategic Agenda should include a plan for accountability and for accomplishment of the objectives in the Strategic Agenda, including periodic reports to SCOPE.
 5. By June 1 of each odd-numbered year, SCOPE will meet to discuss the general budget parameters that should guide development of the Postsecondary Education strategic budget for the upcoming biennium.
 6. By September 1 of each odd-numbered year, the Council on Postsecondary Education will make recommendations to SCOPE on the strategic budget for the upcoming biennium to include:
 - a. Base funding and increases in base funding (including funding for the Council on Postsecondary Education).
 - b. Funding for the Strategic Investment and Incentive Funds, including the criteria to be used in allocating these funds to institutions.
 7. By December 1 of each odd-numbered year, SCOPE reaches consensus on the general parameters for the strategic budget for the upcoming biennium.

8. The Governor shall, as soon as practical in the budget development process, and no later than 14 days before the Governor submits a budget recommendation to the General Assembly, advise the Council on Postsecondary Education of the total amount of General Funds appropriations he intends to recommend to the General Assembly for all of the postsecondary education system. The Council on Postsecondary Education shall, within seven days, recommend to the Governor a strategic budget, based on the previous parameters agreed to by SCOPE, to be included in the Governor's budget recommendation to be submitted to the General Assembly.
9. The Governor's budget recommendation becomes the basis for a Budget Resolution to be acted upon at the beginning of the Regular Session of the General Assembly.
10. The President of the Council on Postsecondary Education presents the Strategic Agenda to a Joint Session of the House and Senate not later than February 15 during the Regular Session of the General Assembly in a "State of Postsecondary Education" format.
11. The General Assembly makes appropriations within the general parameters of the Budget Resolution. Appropriations are made directly to the institutions for the base budgets; similarly, an appropriation will be made for the base functions of the Council on Postsecondary Education. Appropriations for the Strategic Investment and Incentive Funds will be made to the Council on Postsecondary Education to be administered in accordance with the policy direction of the Governor and General Assembly as agreed upon through the SCOPE.
12. The Council on Postsecondary Education will provide accountability reports at least annually (and more frequently if requested by the SCOPE) to SCOPE, and provide a biennial report as background to the presentation of a new Strategic Agenda prior to January 31 of each even-numbered year. The accountability report will be in accordance with the Plan that the Council on Postsecondary Education submits to SCOPE in May of the preceding year.

Institutional Outcomes of the Plan

As a result of the reform initiative, providers of postsecondary education in Kentucky will have clear responsibilities and missions.

A. Community Colleges and KY TECH will:

1. Create a capacity beyond anything previously envisioned to uplift the knowledge and skills of Kentucky's adult population.
2. Be the primary provider of courses of study preparing Kentuckians for technical fields and other occupations requiring two years or less of instruction.
3. Tailor course offerings and services to the economic and business needs of the region including employer-based training programs.
4. Provide a basic course of study in academic subjects intended for transfer to a four-year baccalaureate institution.
5. Provide remedial education for those intending to pursue other courses of study at the postsecondary level.
6. Provide community-based, non-credit continuing education.
7. Provide a linkage to employer-based training through the Bluegrass State Skills Corporation.

B. Regional Universities will:

1. Provide access to quality undergraduate education throughout Kentucky.
2. Be the primary provider of upper-level baccalaureate studies within their service areas.
3. Work collaboratively with community colleges to provide upper-level courses at community college locations.
4. Develop selected areas of expertise or "Programs of Distinction" which will become nationally recognized.
5. Offer masters' level study in the areas most relevant to the region's economy.

C. University of Louisville will:

1. Become a metropolitan university with selected nationally-competitive research and graduate programs designed to enhance the regional economy.
2. Develop partnerships with the local community colleges and technical schools that are responsive to the needs of the region.
3. Provide the same services the regionals provide to its assigned service area.

D. University of Kentucky will:

1. Perform as the state's flagship university.
2. Develop as a nationally-recognized center of excellence for academic study and research.
3. Be responsible, as the primary land-grant university, for statewide technology transfer for business and agriculture.
4. Attract the brightest students from Kentucky and across the world.

Conclusion

The adoption of this Plan will ensure that within 20 years the citizens of the Commonwealth will have:

- A seamless, integrated system of postsecondary education strategically planned and funded to enhance economic development and quality of life.
- A major, top 20 research university - The University of Kentucky.
- A premier urban university recognized nationally - The University of Louisville.
- Regional universities working cooperatively and with UK and UL to assure quality and productivity of bachelors and master's degrees at or above the national average.
- A comprehensive Community and Technical College system that ensures an available workforce to meet the needs of existing companies and serves as a major factor in attracting new business and industry.

Students entering Kentucky postsecondary education will find:

- A coordinated system which provides clear and well articulated transferability of learning.
- A system which recognizes the necessity of educating the adult population in alternative ways ensuring access to educational career paths and valuing non-traditional learning.
- An electronically supported educational system where students learn in an advanced technological environment.
- Statewide access to funding assistance and comprehensive student services.

The Governor and General Assembly will:

- Have a key role in developing the Strategic Agenda for postsecondary education.
- Implement a funding strategy which ensures continuous investment in excellence and productivity.
- Minimize the debilitating impact of a politicized postsecondary education system.